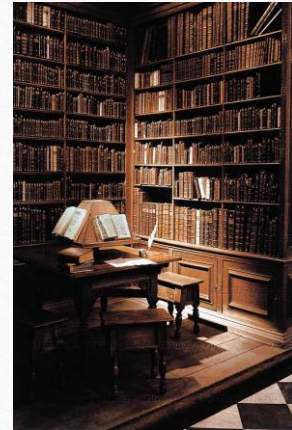




### INDIANA STATE LIBRARY

*Legislative Wrap Up Workshop*

June 2016



## Newly Enacted Legislation and Uniform Compliance Guidelines

*Presenters:*

**Todd Caldwell**  
**Susan Gordon, CPA**  
**Directors of Audit Services**  
**Indiana State Board of Accounts**



## Contact Information

### Indiana State Board of Accounts

**Todd Caldwell**  
*Director of Audit Services*

**tcaldwell@sboa.in.gov**

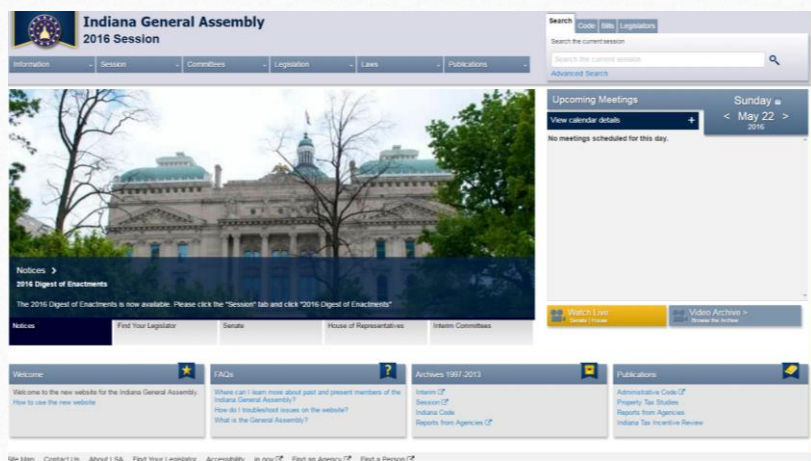
**Susan Gordon, CPA**  
*Director of Audit Services*

**sgordon@sboa.in.gov**

**Phone (317) 232-2153**

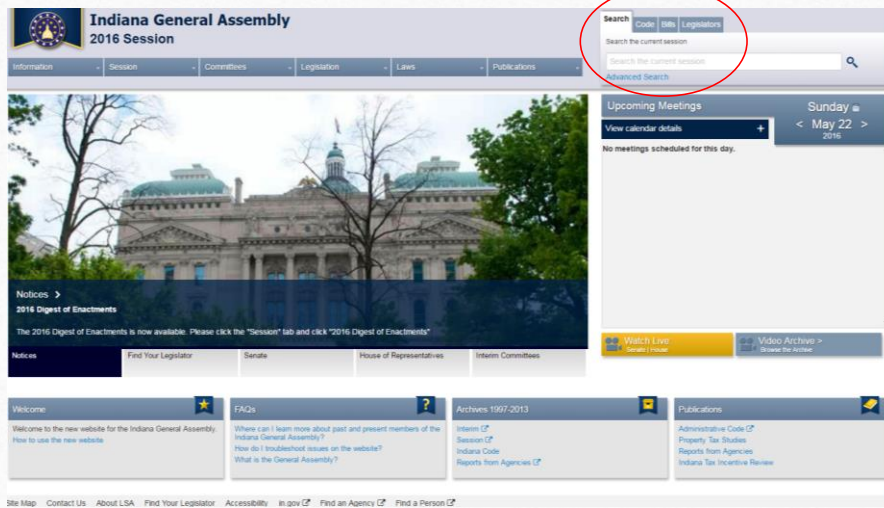
**Finding House and Senate Bills online:**

**www.iga.in.gov**





### Finding House and Senate Bills online:



### Finding House and Senate Bills online:



- Select the “Bills” tab
- In the “search” box, type the number of the Senate Enrolled Act (SEA) or House Enrolled Act (HEA) you are looking for

## Finding House and Senate Bills online:

The screenshot shows the Indiana General Assembly 2016 Session website. The main navigation bar includes links for Information, Session, Committees, Legislation, Laws, and Publications. A search bar is located in the top right corner. The left sidebar contains a list of links: Latest version, Latest Fiscal Note, Bill Details, Bill Actions, Senate Amendments, House Amendments, Senate Roll Calls, House Roll Calls, Bill Versions, Committee Reports, and CCR/Concurrence/Dissent. The main content area displays details for Senate Bill 67, including its title, authors, co-authors, sponsors, and a digest of the bill's content.

**Indiana General Assembly 2016 Session**

Search Code Bills Legislators

Enter bill number

-- Select or type to filter items --

All Senate House Enrolled

**Senate Bill 67**

Enrolled Senate Bill (S)

Authorized by Sen. Brandt Herselman, Sen. Luke Kenley, Sen. Carlin Yoder.

Co-Author by Sen. Eric Bassler, Sen. Vaneta Becker, Sen. Philip Boots, Sen. Ed Charbonneau, Sen. Michael Crider, Sen. Douglas Eckerty, Sen. Ronald Grooms, Sen. Randall Head, Sen. Travis Holdman, Sen. Erin Houchin, Sen. Dennis Kruse, Sen. Jean Leising, Sen. James Merritt, Sen. Mark Messmer, Sen. Patricia Miller, Sen. Ryan Mohler, Sen. Jeff Raatz, Sen. James Smith, Sen. Brent Steele, Sen. Greg Walker, Sen. R Michael Young, Sen. Joseph Zakas, Sen. Lonnie Randolph, Sen. Frank Mrvan, Sen. Chip Perfect, Sen. James Buck.

Sponsored by Rep. Timothy Brown, Rep. Edmond Soliday, Rep. Gail Recken, Rep. Milo Smith.

**Authors / Sponsors / Conferees / Advisors**

**DIGEST**

Local income tax distributions. Provides for a supplemental distribution of local income taxes when the balance in a county's local income tax trust account exceeds 15% (rather than 50%, under current law) of the certified distributions to be made to the county. Specifies the accounting, allocation method, and distribution requirements for supplemental distributions. Requires before May 2016 a one time special allocation of the balance in a county's trust account as of December 31, 2014. Provides that a taxing unit's allocation amount is to be determined in the same manner as a supplemental distribution would have generally been determined under [View more](#)

Site Map Contact Us About ISA Find Your Legislator Accessibility in.gov Find an Agency Find a Person

## Finding House and Senate Bills online:

This screenshot is identical to the one above, but with a red arrow pointing to the "Latest version" link in the left sidebar. The main content area displays details for Senate Bill 67, including its title, authors, co-authors, sponsors, and a digest of the bill's content.

**Indiana General Assembly 2016 Session**

Search Code Bills Legislators

Enter bill number

-- Select or type to filter items --

All Senate House Enrolled

**Senate Bill 67**

Enrolled Senate Bill (S)

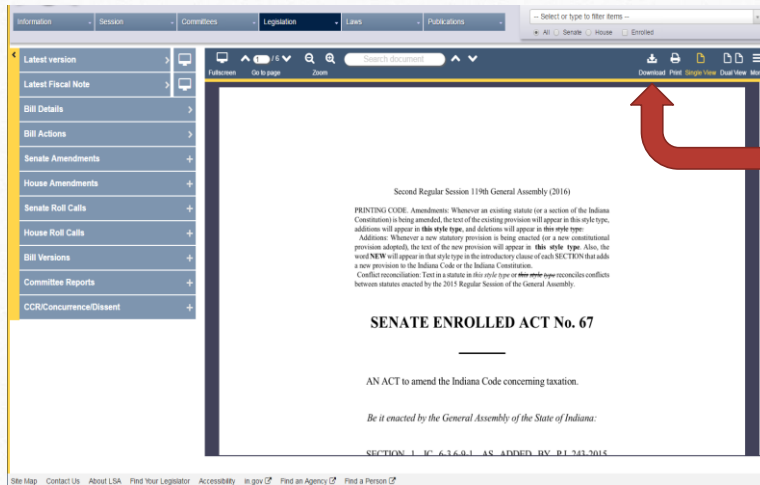
Authorized by Sen. Brandt Herselman, Sen. Luke Kenley, Sen. Carlin Yoder.

Co-Author by Sen. Eric Bassler, Sen. Vaneta Becker, Sen. Philip Boots, Sen. Ed Charbonneau, Sen. Michael Crider, Sen. Douglas Eckerty, Sen. Ronald Grooms, Sen. Randall Head, Sen. Travis Holdman, Sen. Erin Houchin, Sen. Dennis Kruse, Sen. Jean Leising, Sen. James Merritt, Sen. Mark Messmer, Sen. Patricia Miller, Sen. Ryan Mohler, Sen. Jeff Raatz, Sen. James Smith, Sen. Brent Steele, Sen. Greg Walker, Sen. R Michael Young, Sen. Joseph Zakas, Sen. Lonnie Randolph, Sen. Frank Mrvan, Sen. Chip Perfect, Sen. James Buck.

Sponsored by Rep. Timothy Brown, Rep. Edmond Soliday, Rep. Gail Recken, Rep. Milo Smith.

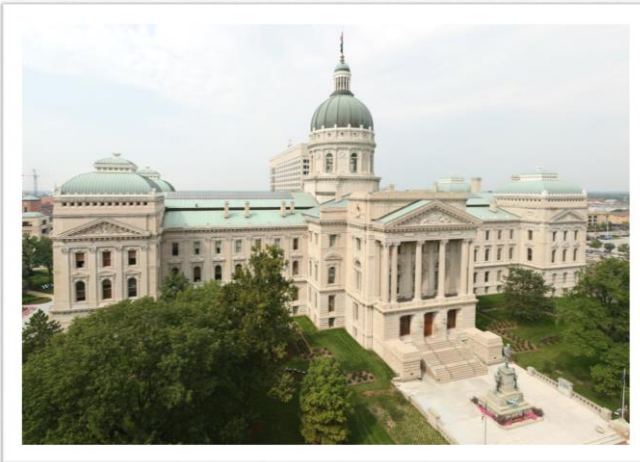
**Click on "Latest version" – this gives you the most current or recent version of a bill**

## Finding House and Senate Bills online:



Once here, you can click “Download” and the Bill will download into a pdf file.

The pdf file is easier to read and can be sorted for key words



**2016**

**Senate Enrolled Acts**

**Libraries**



## **2016 SENATE ACTS AFFECTING LIBRARIES**



www.journal-news.com

## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 126-2016 / Senate Enrolled Act 67**

#### **Local Income Tax Distribution**

- ☐ Supplemental distribution of local income taxes
- ☐ One-time allocation of the balance in a county's trust account as of 12/31/14
- ☐ Each county received the allocation from the State on 04/25/16.
- ☐ County Auditor must distribute each taxing unit's allocation before June 1, 2016





**2016 SENATE ACTS AFFECTING LIBRARIES****P.L. 120-2016 / Senate Enrolled Act 20****Workforce Policies**

A local governmental unit may not establish, mandate, or otherwise require an employer to provide to an employee who is employed within the jurisdiction of the unit a scheduling policy that exceeds the requirements of federal or state law, rules, or regulations, unless federal or state law provides otherwise.

**2016 SENATE ACTS AFFECTING LIBRARIES****P.L. 121-2016 / Senate Enrolled Act 21****Obsolete Statutes**

Repeals or expires various provisions in the Indiana Code:

- A 2011 report concerning the department of local government finance progress in complying with requirement for local unit access to financial data.
- A 2010 department of labor report concerning employee classification recommendations.



## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 121-2016 / Senate Enrolled Act 21**

#### **Obsolete Statutes - *continued***

Repeals or expires various provisions in the Indiana Code:

- The statute that, until July 1, 2014, provided for local governmental units to purchase health insurance coverage through the state personnel department.
- Strikes obsolete references to audit reports that were removed from the Indiana Code in 2015. Makes conforming amendments.

## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 208-2016 / Senate Enrolled Act 126**

#### **Political Subdivision Information on the Internet**

Amends IC 5-14-3.8-3 & requires DLGF to post the following on the Indiana transparency website:

- Expenditures categorized by personal services, other operating or total operating, and debt services (including lease payments) related to debt.
- Listing of fund balances

After 7/31/17, DLGF to publish annual financial and operational summary on the transparency website.

## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 208-2016 / Senate Enrolled Act 126**

#### **Political Subdivision Information on the Internet - *continued***

- Requires a political subdivision that has a public internet site to publish a link to the transparency website.
- Does **not** require a political subdivision to establish a website.
- [www.in.gov/itp](http://www.in.gov/itp)



## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 180-2016 / Senate Enrolled Act 308**

#### **Local Tax Matters**

##### **Agricultural land assessment formula changes**

- Lower base rate for farmland through at least 2019
- Shift taxes from farmland to other taxpayers

##### **Levy growth allowance for fast growing communities**

- Allows 3 rapidly growing municipalities to automatically increase levy
- Rapid growth requires need for services

##### **County Council override of PSAP rate**

- Applies to counties where the adopting body is the Local Income Tax Council
- County Council can designate .1% to existing LIT expenditure rate to a PSAP



## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 184-2016 / Senate Enrolled Act 321**

#### **Local Government Budgeting**



[www.aspanational.files.wordpress.com](http://www.aspanational.files.wordpress.com)

After 2018, DLGF shall certify a political subdivision's budget, tax rate, and tax levy not later than 12/31 of the year preceding the budget year.

Retains the Nov. 1<sup>st</sup> deadline for a political subdivision to adopt a budget.

Repeals statutes concerning county fiscal body nonbinding review of local budgets, tax levies, and tax rates and the nonbinding review pilot program.

## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 142-2016 / Senate Enrolled Act 327**

#### **Transparency Portal - Contracts**

Requires contracts to be scanned and uploaded to the Indiana transparency website during each year that the contract amount to be paid exceeds

- (1) 10% of the political subdivisions property tax levy, or
- (2) \$50,000

Contract to be uploaded not later than 60 days after the date the contract is executed.

## **2016 SENATE ACTS AFFECTING LIBRARIES**

### **P.L. 144-2016 / Senate Enrolled Act 375**

#### **Prequalification for Public Works Project**

Delays until 12/31/16 the date after which public works projects must comply with the requirement a contractor be qualified under IC 4-13.6-4 or IC 8-23-10.

Requires a contractor working on a public works project be qualified by the Indiana Department of Administration's certification board

Makes provisions for exemptions

Prohibits a city or town from establishing wage rates unless federal or state law provides otherwise.

## **P.L. 147-2016...HEA 1017**

### **Publication of Notice**

---

AMENDS IC 5-3-1-0.2, effective July 1, 2016 to define "locality newspaper."

AMENDS IC 5-3-1-4(d), effective July 1, 2016.

"(d)... If there is only one (1) newspaper published in the political subdivision, then the notice shall be published in that newspaper. If no newspaper is published in the political subdivision, then publication of the notice shall be made in one (1) of the following:

**(1) A locality newspaper that circulates within the municipality or school corporation.**

**(2) A newspaper published in the county and that circulates within the political subdivision."**



## P.L. 147-2016...HEA 1017

### Publication of Notice

---

IC 5-3-1-4(a) If officers of a political subdivision are required to publish notice, they shall publish notice in two newspapers published in the political subdivision. (No Change)

## P.L. 193-2016...HEA 1032

### Overview (LSA Digest)

### Various Pension Matters

---

- AMENDS 5-10-10-4.8(f), effective July 1, 2016. Provides that an employer who elects to purchase special death benefit coverage for an eligible emergency medical services provider must pay for the coverage annually as prescribed by the board.
- AMENDS 5-10.2-2-24, effective July 1, 2016. Eliminates the guaranteed fund investment option after December 31, 2016, for members of the public employees' retirement fund (PERF) and the teachers' retirement fund (TRF) and replaces the guaranteed fund with an unguaranteed stable value fund investment option.
- AMENDS 5-10.2-2-21, effective July 1, 2016. Provides that a miscellaneous participating entity that freezes its participation in PERF must begin payment of its additional contributions to fully fund the service of its PERF members not later than July 1, 2016, or a date determined by the board. Allows the board to charge interest on any amount that remains unpaid after the payment date determined by the board.
- Makes various other amendments concerning pension matters.

## P.L. 203-2016...HEA 1273

### Library Card

---

AMENDS IC 36-12-2-25, effective July 1, 2016

“(e) A library board may issue a local library card without charge or for a reduced fee to an individual who is not a resident of the library district and who is:...

(3) a student enrolled in a college or university that is located at least in part of the library district;

if the board adopts a resolution that is approved by an affirmative vote of a majority of the members appointed to the library board.”

## P.L. 188-2016...HEA 1372

### Exit Conference – 45 Day Requirement

---

AMENDS IC 5-11-5-1(b)(7)

“If: (A) the state examiner does not call for an additional exit conference...; and

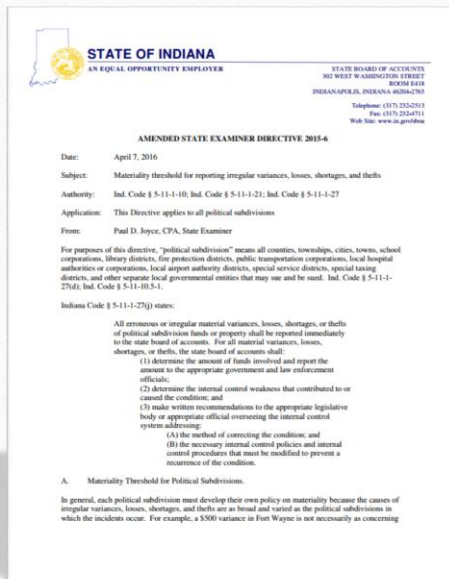
(B) the:

(i) legislative body... provides written notice to the state examiner that the legislative body waives an additional exit conference...; or

(ii) state examiner determines that a final report...must be issued as soon as possible;

the final report may be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.”





## Materiality Threshold For Reporting Irregular Variances, Losses, Shortages, And Thefts

### **Materiality Threshold:**

- **Required by IC 5-11-1-27**
- **All erroneous or irregular material variances, losses, shortages, or thefts of funds or property shall be reported to the State Board of Accounts.**
- **State Board of Accounts will:**
  - **determine the amount of funds involved and report to the appropriate officials**
  - **determine the internal control weakness that contributed or caused the condition**
  - **make written recommendations addressing the method for correcting the condition**
  - **necessary internal control policies or procedures that need modification to prevent recurrence of the condition.**

**Materiality Threshold:**

**In general, each library must develop their own policy on materiality because the types and causes of variances are broad and varied.**

- **a \$500 variance at a small library might be material**
- **a \$500 variance at a large library might *not* be material**
- **a \$500 variance at a large library that occurs every Friday might be material**

**“A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:**

- (1) information obtained as a result of a police report;**
- (2) an internal audit finding; or**
- (3) another source indicating that a misappropriation has occurred;**

**shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.” IC 5-11-1-27(l)**



www.smartfem.com/

- ☐ There is no materiality threshold when it comes to known theft or misappropriation – all such instances are required to be reported “immediately” in writing to both the State Board of Accounts and the local prosecuting attorney.
- ☐ Misappropriation occurs when an employee or in-house contractor of the political subdivision wrongly takes or embezzles public funds.





**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM 1418  
INDIANAPOLIS, INDIANA 46204-2745  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

Date: April 7, 2016

To: All political subdivisions

Re: Amended State Examiner Directive 2015-6  
Materiality threshold for reporting irregular variances, losses, shortages, and thefts

The State Board of Accounts received several questions regarding the interplay between Ind. Code § 5-11-1-27(i), which requires a materiality policy for reporting irregular variances, losses, shortages, and thefts; and Ind. Code § 5-11-1-27(j), which requires written notice of any known misappropriation of public funds to the State Board of Accounts and the local prosecuting attorney.

In response to these questions, the State Board of Accounts amended State Examiner Directive 2015-6, which was originally issued on November 18, 2015. The amended directive addresses or clarifies the following issue:

Materiality policies must consider Ind. Code § 5-11-1-27(i), which requires public officials who have actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds to immediately send written notice of the misappropriation to the State Board of Accounts and the prosecuting attorney. There is no materiality threshold applicable to Ind. Code § 5-11-1-27(i). Thus, whenever a political subdivision has actual knowledge or is reasonably certain that a misappropriation of public funds has occurred (regardless of the dollar amount), the political subdivision must send written notice of the misappropriation to the State Board of Accounts and the local prosecuting attorney. Misappropriation occurs when an employee or in-house contractor of the political subdivision wrongly takes or embezzles public funds. When there is a known misappropriation or embezzlement of public funds by an internal actor, materiality is irrelevant. Indiana law requires the political subdivision to report the activity to the State Board of Accounts and the local prosecutor. Ind. Code § 5-11-1-27(i).

Sincerely,

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

Copy of State Examiner Directive 2015-6:  
[http://www.in.gov/sboa/files/Directive\\_2015-6.pdf](http://www.in.gov/sboa/files/Directive_2015-6.pdf)



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM 1418  
INDIANAPOLIS, INDIANA 46204-2745  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

Date: April 7, 2016

To: All political subdivisions

Re: Amended State Examiner Directive 2015-6  
Materiality threshold for reporting irregular variances, losses, shortages, and thefts

The State Board of Accounts received several questions regarding the interplay between Ind. Code § 5-11-1-27(i), which requires a materiality policy for reporting irregular variances, losses, shortages, and thefts; and Ind. Code § 5-11-1-27(j), which requires written notice of any known misappropriation of public funds to the State Board of Accounts and the local prosecuting attorney.

In response to these questions, the State Board of Accounts amended State Examiner Directive 2015-6, which was originally issued on November 18, 2015. The amended directive addresses or clarifies the following issue:

Materiality policies must consider Ind. Code § 5-11-1-27(i), which requires public officials who have actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds to immediately send written notice of the misappropriation to the State Board of Accounts and the prosecuting attorney. There is no materiality threshold applicable to Ind. Code § 5-11-1-27(i). Thus, whenever a political subdivision has actual knowledge or is reasonably certain that a misappropriation of public funds has occurred (regardless of the dollar amount), the political subdivision must send written notice of the misappropriation to the State Board of Accounts and the local prosecuting attorney. Misappropriation occurs when an employee or in-house contractor of the political subdivision wrongly takes or embezzles public funds. When there is a known misappropriation or embezzlement of public funds by an internal actor, materiality is irrelevant. Indiana law requires the political subdivision to report the activity to the State Board of Accounts and the local prosecutor. Ind. Code § 5-11-1-27(i).

Sincerely,

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

Memo 4/7/2016 regarding Directive 2015-6

## Contact Information

---

### STATE BOARD OF ACCOUNTS

Todd Caldwell

[tcaldwell@sboa.in.gov](mailto:tcaldwell@sboa.in.gov)

Susan Gordon

[sgordon@sboa.in.gov](mailto:sgordon@sboa.in.gov)

(317) 232-2513